

Gansler Directs Pilot Authority for Commercial Services, Beginning Immediately



ACQUISITION,
TECHNOLOGY AND
LOGISTICS

THE UNDER SECRETARY OF DEFENSE
3010 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-3010

MEMORANDUM FOR SERVICE ACQUISITION EXECUTIVES
DIRECTORS, DEFENSE AGENCIES

SUBJECT: Pilot Authority for Commercial Services

Section 814 of the National Defense Authorization Act for Fiscal Year 2000, P.L. 106-65, authorizes the Secretary of Defense to carry out a pilot program to treat procurements of commercial services as commercial items (attached). Further, it directs the Secretary to issue guidance to procurement officials to execute such contracts. The following categories of services are covered by the pilot authority: 1) utilities and housekeeping services, 2) **education and training services**, and 3) medical services. Responsibility for the operation and oversight of this program has been delegated to my office.

In accordance with Section 814 of P.L. 106-65, each organization (Service or Agency) is requested to select and conduct candidate commercial item procurement pilot programs within the stated categories. Particular emphasis should be placed on ensuring that negotiated prices for designated services, including prices negotiated without competition, are fair and reasonable. Each organization should ensure that a single item manager or contracting officer is responsible for entering into all contracts from a single contractor for commercial services.

The pilot authority shall commence immediately and extend through the end of Fiscal Year 2003. My office will submit a report to Congress within 90 days thereafter in accordance with the requirements of the program. In support of this, each participating organization should submit a separate report on the impact of their pilot program(s), due to my office no later than 60 days after termination of the pilot authority period. Each organization's report should address the impact on prices paid under program contracts, and the extent to which competition was maintained. Price trend information used to assess the impact on prices paid to which competition was maintained. Policy memorandum on Performance Based Service Acquisitions (PBSAs), services are becoming an increasingly significant component of what the Department buys, and we must ensure that we acquire them effectively and efficiently. The new PBSA policy requires that in order to maximize performance, innovations, and competition, often at lower cost, a minimum of 50 percent of all service acquisitions must be performance-based by 2005. This pilot program represents an important opportunity and is a natural complement to the PBSA policy. As such, I strongly urge your participation.

Request the names of the selected pilot programs and overall points of contact be provided to Mr. Craig Curtis, Office of the Deputy Under Secretary of Defense (Acquisition Reform), (703) 697-6399, curtisc@acq.osd.mil.

Attachment
As stated

cc:
DUSD (Installations)
Dir, Defense Procurement
Dir, Acquisition Resources and Analysis
Dir, Washington Headquarters Services
Dir, Defense Contract Management Agency
Dep GC (A&L)



J.S. Gansler

Editor's Note: This information is in the public domain. To download the attachment to Dr. Gansler's memorandum, go to the Defense Acquisition Reform Web site at www.acq.osd.mil/ar/#sat1.